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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Increasing meat animal slaughter is expected to bring some reductions in prices from the spring levels, but they are expected to stay relatively high through 1958.

Fed cattle marketings have begun to rise and in last half of 1958 probably will exceed the 1957 rate. Hog slaughter has climbed above a year earlier and will stay above through most of the rest of this year. Lamb slaughter also was above a year earlier in late April.

Fed cattle prices are likely to decline moderately until summer, then level out near 1957. Feeder cattle prices probably will trend down seasonally. Hogs are likely to remain fairly steady until mid-summer, then decline. Low next fall is expected to be close to that of last year.

Cattlemen are holding back breeding stock to build up herds. This is likely to prevent large increases in marketings this year...may lead to some increase in cattle on farms next January 1. If this happens, downward phase of current cattle cycle would be only 2 years...shortest on record.

Prospective decline in fed cattle prices is likely to prevent rapid increase in numbers. But possible danger is that too many cattle will be withheld from market...herds will be built up too fast. Withholding would reduce marketings, raise prices. Rising prices would tempt producers to withhold more cattle. Eventually, marketings would increase... prices would plummet.

This kind of a spiral occurred in 1949-51. Numbers increased 11 million in the 3 years. Then as marketings increased sharply, prices began a decline that cut them in half.

Present situation does not favor boom-bust for cattle though past experience indicates possibility is not absent. Cattle numbers are much higher than in 1949 when upward phase of current cycle began. Also, sharp increase in demand that helped boost prices in 1950-52, during the Korean War, is unlikely to reoccur.

FARM INCOME. Sales of farm products yielded farmers 8% more dollars in the first 4 months of 1958 than a year earlier. Higher prices for cattle, hogs, chickens and eggs boosted total livestock receipts 12%. A 2% gain for total crop receipts was largely due to a big increase from vegetable sales. Usually, farmers get more than a fourth of the total year's cash receipts in the first 4 months of the year.

Gains in farm prices and incomes since last fall reflect reduced supplies of important products. Demand has held up despite general decline in business activity.

Reports for May indicate crop season is off to a good start. Wheat crop is likely to be big and condition of grazing and hay crops are best in over 30 years. Heaviest producing areas for corn, oats, sorghum grains and soybeans have favorable prospects. But in south, cotton and corn plantings have been delayed.

DAIRY. Prices to farmers have declined some and probably will continue lower than a year earlier through 1958. Farmers are expected to continue to produce more than market will take at support levels, though surplus in 1958 probably will total less than in 1957.

Prices of canners and cutters-grades in which cull dairy cows usually are sold-increased 46% from April 1957 to April 1958. They are expected to decline seasonally this summer and fall.

POULTRY AND EGGS. Broiler slaughter so far this year has been running well above 1957 and recent settings of eggs indicate a greater increase in the next several weeks. Prices also have been holding above a year earlier. Part of price strength comes from high prices for red meats.

Turkey hatchings so far indicate 1958 crop will fall 10% below 1957. Low prices last fall are main reason for reduction. Prices for recent sales, seasonally small, are up slightly from last year.

SOYBEANS. Crushings have been at a record level and exports have been running near last year's peak rates. Demand has been sustained by reduced supplies of cottonseed oil. Prices to farmers continue to average near the support level.

FEED. Sharp advance since January has raised feed grains an average of 15%. High protein feeds are up 18%. Compared with a year earlier, mid-April prices of feed grains were down 9%...high protein feeds in early May were up 15%.

Despite gains in feed prices, livestock-feed price ratios remain favorable to hog, cattle and dairy producers.

Recent figures on use indicate feed grain carryover next October 1 will be up 12 to 14 million tons from a year earlier to around 62 million tons. This is half the 1952-56 average production.

WHEAT. Winter wheat prices are likely to continue to decline for another month or two. Billion bushel crop in prospect is third largest of record. Minimum national average support for 1958 wheat is $1.78, 22¢ below 1957.

Winter wheat prices usually reach seasonal low in late June or early July, depending on timing of harvest, then rise as market movement slackens. Similar pattern is likely this year.

FRUIT. Increased demand for fruit for processing is expected this year. April 1 canners stocks of 9 deciduous fruits were down a tenth from a year earlier...wholesale distributors stocks of 7 items were off 3%. Cold storage stocks of frozen strawberries were a fifth below last year on May 1. But stocks of other frozen deciduous fruits were larger.

VEGETABLES. Canners intend to contract or plan 9% less acreage than last year for 9 important vegetables. Heavy stocks are the main reason. Movement of canned and frozen vegetables, stimulated by winter shortage of fresh items, has been running heavier than last year. But supplies of most items are still heavy and prices relatively low.

COTTON. Consumption by domestic mills has been running at an annual rate of about 8 million bales, compared with 8½ million a year earlier. The April rate was down more than seasonally from March. Stocks of broadwoven goods are much larger than normal in relation to unfilled orders.

TOBACCO. Estimates of January-March production show output of cigarettes about the same as a year earlier, cigar output up slightly, smoking tobacco up 11%, chewing tobacco down 7½% and snuff down 6½%. Exports of tobacco in the first three quarters of the 1957-58 fiscal year were nearly the same as a year earlier.